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THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

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JUL 14 1965

DD/ST# 3593-65

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Honorable Robert S. McNamara
Secretary of Defense
Washington, D. C.

Dear Bob:

After further review of our export control policy concerning color television equipment, I have concluded that the U.S. Government should continue its policy of denying exports to the USSR and the Eastern European countries of video tape recorders, magnetic tape, and technical data and machinery for the manufacture of these and TV picture tubes, all of which are under COCOM embargo. However, we should give favorable consideration to exports to those destinations of color TV cameras, TV camera tubes, auxiliary studio apparatus, TV terminal equipment, test equipment (except that which is very advanced or multi-purpose), color picture tubes, and TV transmitters, all of which are controlled by the United States unilaterally.

RCA and Ampex are pressing the Department of Commerce for an immediate export licensing policy decision on this equipment. Nevertheless, I shall defer making my final decision and communicating it to them for a few days in order that you and Dean Rusk, to whom I am addressing an identical letter, can notify me of your concurrences.

You will recall that we discussed this problem at the Export Control Review Board (ECRB) meeting on March 12, 1965. We found that the video tape recorder incorporates advanced secret technology and involves a highly classified security problem. Because the recorder is under COCOM embargo, the United States may not issue licenses for its export to bloc destinations without obtaining prior COCOM clearance. This requires unanimous agreement of the COCOM governments. The United States would not flout an objection raised by another COCOM government. However, Administrative Principle No. 3 permits governments to license without prior COCOM clearance an embargoed item when it is a minor element of a complete package. The ECRB consensus was that the overall benefits which the United States would be

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likely to get from the adoption by Europe of the U.S. NTSC color TV standards and system outweighed the risk of our losing the strategic technology. Accordingly, we concluded that the United States should license the sale of the entire NTSC system, including the recorder, as a complete package if the USSR would support and vote for the adoption by Europe of the U.S. color TV standards and system. This did not mean, however, that we would approve the sale of the recorder or any other COCOM embargoed component of the system alone. This decision was communicated to RCA officials on March 15, 1965.

At Vienna on March 25, 1965, the Soviet Union voted for the French SECAM system. This action nullified the condition precedent in our ECRB decision. It appears to have eliminated the prospect of a complete package sale of the American color TV standards and system with accompanying large-scale exports of U.S. color television equipment and technical assistance.

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Under the present circumstances, it appears appropriate to continue our denial policy for COCOM embargoed equipment, including the video tape recorder. This is consistent with our earlier ECRB decision. Since the Soviets voted for the French SECAM system, we can no longer anticipate significant political and commercial benefits which would outweigh the security loss to the United States from sales and exports of such equipment alone. The recorder incorporates secret advanced technology; it has important and highly classified military uses. Moreover, were the United States

to submit exceptions requests to COCOM at this time, France or another COCOM government might interpose objection. In such an event, as Dean Rusk stated at the ECRB meeting, our Government would not want to take unilateral action. Even if unanimous COCOM consent were obtained for U.S. exports of recorders to the bloc, this might jeopardize our ability to have the embargo retained when the 1965 COCOM List Review takes place in Paris in November. The importance of this COCOM embargo is evident from the fact that, although there have been rumors to the effect that the recorder embargo has been violated, these have not been confirmed to our knowledge.

The remaining equipment is not under COCOM embargo. Some is presently exportable to Poland and Rumania under general license, e.g., color TV camera, TV terminal equipment. In general, U.S. export denial of the residual equipment is not effective since comparable equipment is available from non-U.S. sources.

Sincerely yours,

(s) John T. Connor

Secretary of Commerce